



REPUBLIC OF GHANA



THE WORLD BANK

## Terms of Reference

### **An Assessment of International Good Practice for Developing and Implementing Policy Frameworks for Business Incubation**

#### ***Including a Business Incubation Policy Framework and Implementation Strategy for Ghana***

#### **1 Background**

In many developed and developing countries, business incubators have been used to foster innovation and entrepreneurship and create business opportunities and jobs in local environments. An *infoDev* study of over 40 incubators found that business incubation is generating important ‘externalities’ by creating a platform for leaders to influence the broader business environment for high-growth small and medium-size enterprises (SMEs). Based on the important role business incubators play, particularly in more challenging business environments, several emerging markets such as Brazil, India and South Africa have implemented policy frameworks, which include direct and indirect support for business incubation. Many other developing countries are considering developing and implementing such frameworks, including Ghana as part of the World Bank-supported eGhana project.

The eGhana project aims to generate growth and employment by leveraging ICT and Public Private Partnerships to: i) create an IT-Enabled Services (ITES) industry with use of business incubation and other innovation and entrepreneurship promotion mechanisms and ii) improve the efficiency and transparency of selected government functions through e-government applications.

A key challenge for the IT-Enabled Service (ITES) sector in Ghana is the weak entrepreneurial base in the country. In addition, the system for enabling entrepreneurship and innovation in the sector is limited; for example, there is a lack of access to venture capital funding or other satisfactory means of financial support. The only two incubation institutions in Ghana - BusyInternet (private), which has received support from *infoDev* and the Ghana Multimedia Center incubation program (public) – funded by UNDP and the Government of Ghana (GoG) - are currently incubating ten companies that are either directly or indirectly involved in this sector.

The business incubation activities under the eGhana project will focus on providing support to business incubators or similar public or private institutions that facilitate local innovation and entrepreneurship by incubating and developing new businesses in the ITES sector.<sup>1</sup>

The eGhana project aims to leverage the experience of *infoDev*'s Incubator Initiative which has supported more than 70 business incubators in over 50 developing countries. *infoDev* provides financial and technical assistance to help existing incubators improve and scale up operations; facilitate the development of new incubators; encourages innovative local uses of ICTs and entrepreneurship; and has established a knowledge-sharing network among business incubators

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<sup>1</sup> The ITES cluster includes IT/BPO companies, recruitment agencies, training firms, transportation, catering, office support, real estate maintenance, security, general office supplies and such other connected firms.

that supports ICT-enabled SME development. This has culminated in the establishment of a Global Network on Business Incubation, as well as regional networks that allow organizations with similar cultural and regional contexts to share lessons and ideas for how to best operate and affect change in their environments.

This assignment also aims to leverage the experience of UNDP's business incubation activities, which are supporting business incubation in Ghana and globally.

## **2 Objectives**

The objective of this assignment is two-fold:

- 1) Evaluate existing policies and government programs aimed at supporting business incubation to:
  - a) identify the critical success factors for developing and implementing an effective framework,
  - b) draw lessons learned from these policies and programs
  - c) provide an overview of the various types of policies and programs and the pros and cons of each
- 2) Apply the above to develop a strategy specifically for Ghana. In developing the Ghana strategy, the study would need to evaluate the current business environment in Ghana and the experience of the existing business incubators. The strategy should incorporate the critical success factors, address specific business environment challenges in Ghana and include a detailed roadmap for implementation, as well as recommend how the support for business incubation under eGhana should be utilized, which will support the development of the ITES sector.

## **3 Scope of Work**

The assignment includes three components:

### **Component I: An Assessment of Critical Success Factors for Developing and Implementing a Policy Framework for Supporting Business Incubation**

- This component will begin with desk-based research to evaluate policy frameworks and their effectiveness. Lessons should be drawn from both successes and failures.
- The analysis should include direct and indirect support for business incubators under the policy frameworks (e.g. grants/financial assistance to incubators; grants/financial assistance to tenant companies; SME-focused investment funds)
- The analysis should also include an evaluation of the monitoring and evaluation tools that have been used as part of the policy frameworks.
- Upon completion of the desk-based research, the consultant will recommend 4 site visits to countries in order to develop more detailed case studies about their policy frameworks and experience to be agreed upon with the client team. Site visits may be conducted jointly with a representative from the Ministry of Communications, Government of Ghana.
- Four detailed country case studies will be developed

***Deliverable*** = Fully edited and desktopped report outlining the critical success factors, including 4 detailed country case studies, which include an analysis of the policy frameworks and their effectiveness, as well as the key lessons that can be drawn from each country.

## **Component II: Develop a Policy Framework and Implementation Strategy for Ghana**

- This component will be completed in-country and will require wide consultation with key stakeholders in Ghana, including existing business incubators, entrepreneurs and small business owners, investment funds, university officials, policymakers, financial service professionals, interested development partners etc.
- The policy framework should be within the framework of the key issues and critical success factors under the Enabling Environment Component of the eGhana Project which address the specific challenges facing incubators and entrepreneurs in developing effective clusters of innovation in Ghana.
- The implementation strategy should include baseline indicators for the current incubation industry which will lead to a robust monitoring and evaluation process. The implementation strategy should also include a detailed roadmap including recommendations on how the support for business incubation under eGhana should be structured and utilized.

**Deliverables:** *Policy Framework and Implementation Strategy for Ghana.*

## **Component III: Detailed Roadmap for eGhana Incubation Program**

- Based on the suggested implementation strategy for Ghana, the consultant will recommend the technical and financial assistances to be provided under the eGhana incubation sub-component for the 5 years of the project.
- The strategy will include detailed recommendations on the appropriate mechanisms for allocating the technical and financial assistance to nurture incumbent business incubators while also supporting the establishment of new business incubators. The strategy will also define the criteria for allocating financial resources, including the recommended level of support, the outputs/targets to be met by incubators receiving financial support and a 5 year-plan to utilize the resources provided for business incubators under the eGhana project.
- The consultant will produce a set of evaluation criteria for the technical and financial allocation program under the policy framework
- Present the results of Component I, II and III at a workshop of key stakeholders in Accra, Ghana.

**Deliverables:** *As part of the Strategy for Ghana, a detailed roadmap, including recommendations for the selecting business incubators and other organizations to receive technical and financial assistance, as well as targets for measuring the impact of this assistance. Prepare and deliver the presentation on the findings from the overall assignment during Stakeholder Meeting in Ghana.*

## **4 Reporting and Time Schedules**

The Clients for this assignment include *infoDev* and the Government of Ghana. The Consultant shall submit all deliverables and other required information to both *infoDev* and to the Ministry of Communications, Government of Ghana. The assignment is expected to start in January 2008 with the contract period not exceeding 6 months. The approximate schedule of deliverables under the assignment will be as follows.

	<b><u>Deliverable</u></b>	<b><u>Timing</u></b>
1.	Detailed work program	contract signature date + 1 week
2	Desk-based research report including selection of the 3-4 site visits in consultation with client team	contract signature date + 4 weeks
3	Fully edited and desktopped Report outlining	contract signature date + 8 weeks

	<u>Deliverable</u>	<u>Timing</u>
	the critical success factors, including 4 detailed country case studies, which include an analysis of the policy frameworks and their effectiveness, as well as the key lessons that can be drawn from each country	
4	Completion of revised Component 1 Report, including editing and desktopping	contract signature date + 11 weeks
5	(i) Draft Policy Framework and Implementation Strategy, including a detailed roadmap and recommendations on support under eGhana; and (ii) Specific inputs to the Ghana ITES Policy as they pertain to business incubation	contract signature date + 13 weeks
6	Stakeholder Workshop report including presentation of the findings from Component 1, 2 and 3	contract signature date + 15 weeks
7	Revised report, including Component 1, 2 and 3 based on feedback received during the Stakeholder Workshop	contract signature date + 17 weeks
8	Submission of the final report, incorporating feedback received from the client team	contract signature date + 20 weeks

All reports, except the final, will be reviewed by *infoDev* and the Ministry of Communications, Government of Ghana. Comments will be provided within 2 weeks of submission of deliverables and the final report will be reviewed within 3 weeks of submission.

**Deliverables:** All deliverables are to be provided in electronic form via email and on a CD-ROM along with 3 hard copies.

## **5 Qualification and Experience**

The consultant should be a firm with proven experience and expertise in the area of business incubation and SME development, and should have a demonstrated track record of advising governments on developing policy frameworks and strategies for business incubation and SME development, particularly in the ICT sector. The team for this assignment should be led by an acknowledged industry expert in the area of business incubation and IT/ITES industry development.

## **6 Payment Schedule**

The following payment schedule is proposed:

10% of the contract amount upon satisfactory acceptance of Detailed Work Plan.

80% of the contract amount upon satisfactory acceptance of Components 1 and 2 reports.

10% of the contract amount upon satisfactory conduct of final workshop and Component 3 reports.

## **8 Support to be provided by the Client**

Ministry of Communications, Government of Ghana, and *infoDev* will:

- Facilitate coordination with other consultants, relevant Government departments and other stakeholders
- Facilitate access to reports, preliminary studies and concept papers, information and data as appropriate, and in a timely manner
- Facilitate interactions with government agencies, academic institutions, and the private sector to obtain their inputs and perspectives relating to the assignment.

Ministry of Communications  
Government of Ghana  
Accra, Ghana

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